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13 Attorneys for Plaintiffs
14 CARLTON RIDENHOUR pka CHUCK D
15 and BRING THE NOIZE MUSIC, INC.

16
17 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
18 FOR THE COUNTY OF LOS ANGELES

19 CARLTON RIDENHOUR, an individual
20 and BRING THE NOIZE MUSIC, INC.,
21 a New York corporation,

Case No. 19STCV26654

22 Plaintiffs,

COMPLAINT FOR FRAUD,
CONVERSION AND ACCOUNTING

23 vs.

24 MICHAEL CLOSTER, an individual;
25 REACH MUSIC PUBLISHING, INC.,
26 a Virginia corporation; REACH GLOBAL
27 INC., d/b/a REACH GLOBAL MUSIC
28 PUBLISHING, a Delaware corporation; and
TERRORDOME MUSIC PUBLISHING,
LLC, a New York Limited Liability
Company and DOES 1 through 10,

Defendants.

For their Complaint against Defendants, Plaintiffs CARLTON RIDENHOUR
("RIDENHOUR") and BRING THE NOIZE MUSIC, INC. ("BTNM") allege as
follows:

INTRODUCTION

1
2 1. RIDENHOUR is a world renown performer, recording artist, musician,
3 author and record producer professionally known as “Chuck D.” RIDENHOUR is
4 the founder, principal member and intellectual force behind the “hip-hop” group
5 known as Public Enemy, a member of the Rock & Roll Hall of Fame. RIDENHOUR
6 is also the sole owner of the Public Enemy trademark, registered with the U.S.
7 trademark office.

8 2. RIDENHOUR’s career as a hugely successful recording artist began
9 with the songs recorded by Public Enemy for Def Jam Recordings, Inc. (“Def Jam”)
10 in 1986 and continues to this date. RIDENHOUR wrote and/or co-wrote most of the
11 Public Enemy hit songs. RIDENHOUR has participated in the recording and
12 production of thirteen Public Enemy studio albums as an artist, writer, producer and
13 executive producer and has collaborated with numerous other artists. His work has
14 been nominated for five Grammy Awards and three American Music Awards. As a
15 result, RIDENHOUR has created an extensive and valuable catalog of musical
16 composition and sound recording copyrights. Rolling Stone Magazine has named
17 many of the Public Enemy albums as some of the most important music ever made.

18 3. In 1998 RIDENHOUR’s relationship with Def Jam ended and
19 RIDENHOUR began his career as an independent recording artist and writer. He
20 continued to build and market Public Enemy as the unique act that it had become.

21 4. At that time, RIDENHOUR had not had any prior experience with music
22 publishing nor much experience with the business side of the music business. In or
23 about 2001, Defendant MICHAEL CLOSTER (“CLOSTER”), who had befriended
24 RIDENHOUR a few years earlier, presented RIDENHOUR with what CLOSTER
25 told RIDENHOUR was an opportunity to participate in the formation of a new
26 independent music publishing company. CLOSTER led RIDENHOUR to
27 understand that the independent company would administer his publishing and that
28

1 of numerous other independent artists, some of which would be recruited by
2 RIDENHOUR or CLOSTER.

3 5. Instead, over the next 15+ years CLOSTER, along with Defendants
4 REACH MUSIC PUBLISHING, INC. (“REACH MUSIC”), REACH GLOBAL INC.
5 (“REACH GLOBAL”) and TERRORDOME MUSIC PUBLISHING, LLC
6 (“TERRORDOME”), took advantage of RIDENHOUR’s lack of publishing, legal
7 and financial knowledge and professional advisers, persuading RIDENHOUR that he
8 was better off and was saving substantial money by trusting and allowing CLOSTER
9 to handle all such matters. However, by committing many breaches of trust,
10 CLOSTER, on his own and by use of REACH GLOBAL and REACH MUSIC
11 which he owns and controls, and TERRORDOME of which he is the Managing
12 Member, created a complex master plan that involved, and still involves,
13 unconscionable contracts, hidden transactions, false and fraudulent copyright
14 registrations, and false incomplete accountings. Defendants thereby deprived
15 RIDENHOUR of the fruits of his artistic endeavors and caused him damages in
16 excess of One Million Dollars, including the loss of a substantial portion of his music
17 publishing catalog.

18 6. RIDENHOUR did not discover Defendants’ scheme until February 2019
19 when CLOSTER finally produced some of the documents which CLOSTER had
20 used to defraud RIDENHOUR. This led to an investigation by RIDENHOUR’s
21 advisors from whom CLOSTER had tried to conceal his fraudulent actions. The
22 investigation uncovered the nature and scope of Defendants’ actions.

23 7. In essence, CLOSTER’S plan (described in detail below) consisted of
24 the acquisition of an *in perpetuity* interest in 42% of RIDENHOUR’s music
25 publishing catalog (the “Ridenhour Catalog”) as it existed through 2012. Included
26 were RIDENHOUR’s valuable rights in the musical compositions he had authored
27 and co-authored while under contract to Def Jam Music (and its successors-in-
28 interest) and the exclusive right to administer and exploit the musical compositions

1 authored and co-authored by RIDENHOUR after 2012, with no proper accounting or
2 oversight. Also included were the exploitation of Public Enemy “re-recorded”
3 recordings that had originally been produced while RIDENHOUR was under
4 contract to Def Jam with no compensation to RIDENHOUR and the exploitation of
5 independent sound recordings created and financed by RIDENHOUR, again with no
6 compensation to RIDENHOUR.

7 8. RIDENHOUR brings this action to recover his publishing catalog, to be
8 reimbursed for the monies wrongfully taken by Defendants and to recover damages
9 suffered as a result of Defendants’ actions.

10 PARTIES

11 9. Plaintiff RIDENHOUR is an individual resident of the County of
12 Ventura, State of California doing business in the County of Los Angeles.

13 10. Plaintiff BTNM is a New York corporation wholly owned by
14 RIDENHOUR with its principal place of business in the County of Los Angeles,
15 State of California,

16 11. Defendant CLOSTER is an individual resident of the State of Virginia
17 who regularly conducts business in the State of California.

18 12. Defendant REACH MUSIC is Virginia corporation with its principal
19 place of business in Virginia. REACH MUSIC maintains a place of business in this
20 judicial district as well. CLOSTER is the sole shareholder and President of REACH
21 MUSIC.

22 13. Defendant REACH GLOBAL is a Delaware corporation wholly owned
23 by REACH MUSIC with its principal place of business located in Virginia. REACH
24 GLOBAL regularly conducts business in California and in this judicial district.

25 14. Defendant TERRORDOME is a New York limited liability company
26 with principal places of business in New York and Virginia.

27 15. The true names and capacity of the Defendants sued as DOE 1 through
28 10, whether individual, corporate, associate or otherwise, are unknown to Plaintiffs

1 who therefore sue such Defendants by their fictitious names. Plaintiffs are informed
2 and believe and thereupon allege that each of Defendants designated as a fictitiously
3 named Defendant is in some manner responsible for the wrongful acts complained of
4 herein. If and when Plaintiffs ascertain the true names and capacities of DOES 1
5 through 10, Plaintiffs will seek leave to amend this Complaint to state their true
6 names and capacities.

7 16. Plaintiffs are informed and believe and thereupon allege that at all
8 relevant times each of the Defendants was the agent and employee of each other
9 Defendant and acted within the course and scope of their respective agency and/or
10 employment in the performance of the wrongful acts alleged herein.

11 JURISDICTION AND VENUE

12 17. This Court has personal jurisdiction over Defendants because each is
13 either a resident of Los Angeles County or regularly conducts business here. Also,
14 wrongful conduct causing harm to Plaintiffs took place in this district.

15 FACTS

16 *TERRORDOME*

17 18. Plaintiffs are informed and believe that in 2001 CLOSTER developed
18 and implemented a plan that would allow him to obtain a substantial interest in the
19 RIDENHOUR Def Jam Catalog ("RDJC") without paying any compensation to
20 RIDENHOUR. At that time, CLOSTER knew that RIDENHOUR had received the
21 rights to the RDJC as part of the termination of RIDENHOUR's contracts with Def
22 Jam.

23 19. CLOSTER formed TERRORDOME as a means to hold ownership
24 interests in, and gain total control of RIDENDOUR's musical composition
25 copyrights. CLOSTER planned to divide ownership of TERRORDOME between
26 RIDENHOUR, REACH GLOBAL and Knight Owl Productions, Ltd. ("Knight
27 Owl"). Knight Owl was owned by RIDENHOUR's personal manager
28

1 20. CLOSTER falsely represented to RIDENHOUR that the purpose of
2 BTNM would be to enable TERRORDOME to simply administer RIDENHOUR's
3 copyrights.

4 21. CLOSTER convinced RIDENHOUR that he would handle business
5 matters for BTNM and caused BTNM's business address to be the same as REACH
6 GLOBAL's address in West Palm Beach, Florida. CLOSTER also convinced
7 RIDENHOUR to assign RIDENHOUR'S Def Jam Catalog to BTNM.

8 22. Until early 2019, CLOSTER kept possession all of BTNM's corporate
9 and financial records. He hired an accountant (accountable only to CLOSTER) who
10 prepared and filed false tax returns on behalf of BTNM. CLOSTER expressly
11 authorized the filing of those tax returns.

12 23. RIDENHOUR did not know, had no reason to suspect, nor with
13 reasonable diligence could have known, what CLOSTER was doing through BTNM.

14 24. The next step in CLOSTER's plan was the written agreement dated
15 "made as of October 22, 2001," prepared by CLOSTER, falsely represented by
16 CLOSTER to RIDENHOUR to be an agreement that would allow TERRORDOME
17 to publish and administer BTNM's musical composition catalog. Although this
18 purpose is stated in the opening paragraphs, in fact, the agreement provided that
19 BTNM "irrevocably and absolutely assigns, conveys and sets over unto
20 [TERRORDOME] . . . an undivided one-hundred (100%) percent interest in all
21 worldwide right, title, interest and ownership of every nature, kind and description in
22 and to [BTNM's] share of all songs commercially released prior to the date of this
23 agreement. . ." and granted TERRORDOME "sole and exclusive administration
24 rights. . ."

25 25. On October 23, 2001, CLOSTER had TERRORDOME assign its
26 exclusive RIDENHOUR administration rights to REACH GLOBAL.

27 26. Next, CLOSTER caused an operating agreement for TERRORDOME
28 (the "TOA") to be prepared and become effective as of January 10, 2002. The TOA

1 was entered into between BTNM, REACH GLOBAL and Knight Owl.

2 27. The TOA provided that REACH GLOBAL and Knight Owl would each
3 contribute initial capital of only \$500 (Five Hundred Dollars); that BTNM would
4 contribute \$500 plus its entire catalog of copyrights valued by CLOSTER at \$10,000
5 (Ten Thousand Dollars); that the ownership of the interests in TERRORDOME
6 would be 50% BTNM; 34% REACH GLOBAL and 16% Knight Owl; and that
7 REACH GLOBAL would be the managing partner. CLOSTER, again falsely
8 representing to RIDENHOUR that TERRORDOME was simply administering
9 RIDENHOUR's musical compositions, subsequently had RIDENHOUR also
10 individually assign all his interests in musical compositions to TERRORDOME in
11 return for no additional interest in TERRORDOME or other compensation.

12 28. In July 2010, Knight Owl sold its 16% interest to REACH GLOBAL
13 and BTNM. The TOA was amended on July 6, 2010 to reflect the sale – which
14 resulted in BTNM owning a 58% interest and REACH GLOBAL a 42% interest.

15 29. At the time of the above described TERRORDOME transactions and
16 agreements, RIDENHOUR was not an experienced businessman nor was he assisted
17 or represented by legal, business or other counsel. RIDENHOUR received no
18 independent advise or counsel with regard to any of the transactions, instead trusting
19 that CLOSTER was acting in RIDENHOUR's best financial interest and that
20 CLOSTER was, as he had continuously falsely represented, simply administering
21 RIDENHOUR's musical catalog in order to make RIDENHOUR as much money as
22 possible. CLOSTER continued to make these same false representations to
23 RIDENHOUR's advisors throughout 2016, 2017 and 2018.

24 30. Through December 31, 2017, REACH GLOBAL and REACH MUSIC
25 have not accounted for or paid TERRORDOME receipts resulting from the
26 exploitation of the RIDENHOUR composition copyrights owned by
27 TERRORDOME. TERRORDOME in turn never accounted to BTNM. Instead,
28 REACH GLOBAL and REACH MUSIC have deposited various sums to

1 bank accounts owned or controlled by RIDENHOUR, but provided no accurate or
2 complete accountings concerning such amounts.

3 31. In the summer of 2016, RIDENHOUR for the first time hired a business
4 management company that began questioning CLOSTER's accountings and financial
5 reports. In 2018 CLOSTER and REACH MUSIC provided some incomplete
6 accountings and in 2019 provided what CLOSTER claimed to be a summary of all
7 payments made to or on behalf of RIDENHOUR for the ten year period through June
8 30, 2018.

9 32. It is not possible from the incomplete accountings provided by REACH
10 MUSIC and CLOSTER to determine the actual amounts earned from exploitation of
11 RIDENHOUR's musical composition catalog or the amounts retained by REACH
12 MUSIC and/or CLOSTER.

13 33. Within the last six months, CLOSTER has supplied copies of some of
14 the BTNM income tax returns that he had prepared to RIDENHOUR's
15 representatives. The income tax returns state that BTNM had earned no money for
16 the last 10 years. CLOSTER further represented that the only asset of BTNM was its
17 ownership interest in TERRORDOME. These representations were false and known
18 by CLOSTER to be false when made. They were intended to induce RIDENHOUR
19 to continue to allow CLOSTER and his companies to control the administration of
20 RIDENHOUR's musical compositions and maintain Defendants' ownership interest
21 in those compositions. Within the last month, CLOSTER has asked RIDENHOUR
22 to exclude his representatives from all dealings with CLOSTER and allow the *status*
23 *quo* to continue.

24 34. According to the records of the U.S. Copyright Office, as of July
25 1, 2019, BTNM was the registered owner of 121 separate copyrights, including those
26 contained in the Def Jam Catalog. CLOSTER is listed as the person to contact for
27 "Rights and Permissions."
28

1 35. Further, REACH MUSIC and CLOSTER have purported to issue master
2 use licenses for sound recordings on behalf of BTNM as if the recordings were owned
3 by BTNM. As far as RIDENHOUR is aware, no documents exist that convey any
4 interest in sound recordings to BTNM.

5 36. Without any right to do so, CLOSTER, REACH Music and REACH
6 GLOBAL have kept for themselves all, or a substantially all, of the money generated
7 by the exploitation of assets owned, or purported to be owned, by BTNM.

8 *HARDER THAN YOU THINK*

9 37. In 2007 RIDENHOUR performed vocals/raps on, and wrote, funded and
10 produced, a sound recording of the composition titled “Harder Than You Think.”
11 RIDENHOUR also created the derivative composition “Harder Than You Think, Just
12 Like That” and derivatives and re-mixes of the compositions (collectively the “Harder
13 Compositions”). RIDENHOUR also funded all marketing, promotion and videos of
14 the Harder Compositions and sound recordings. He also appeared in the video and
15 performed the Harder Compositions live in numerous venues around the world while
16 touring with his group, Public Enemy. The song was originally released on the Public
17 Enemy album, “How to Sell Soul” on compact disc, vinyl and digital formats
18 including on i-tunes.

19 38. By written agreement dated July 16, 2012, CLOSTER and REACH
20 MUSIC purported to hire music producer Gary Rinaldo (“Rinaldo”) and his
21 companies Suburban Funk, Inc. and Pressure Network, Inc. (“Pressure”) to create
22 new recordings (the “New Masters”) of the Harder Compositions that used
23 RIDENHOUR’s original raps/vocals. The agreement specified that REACH MUSIC
24 would pay the expenses and Rinaldo and/or his companies would own 100% of the
25 New Masters subject to the exclusive right of REACH MUSIC to administer and
26 collect all revenues for the entire copyright term and retain a commission of 25% of
27 all revenues collected. CLOSTER then continued to market this “New Master” as a
28 Public Enemy/Ridenhour song in order to obtain numerous TV and film licenses.

39. By written agreement dated November 30, 2017 between Rinaldo and REACH MUSIC, Rinaldo confirmed that the New Masters, all of which contained RIDENHOUR's vocal/rap performances were owned by Pressure and that all monies due under the July 16, 2012 agreement had been received. REACH MUSIC and Rinaldo further agreed that from November 30, 2017 forward REACH MUSIC would take a 25% commission "off the top," deduct all expenses incurred and split the remaining net 50% each between Pressure and REACH MUSIC.

40. To the extent that the New Masters are any different from the original sound recordings of the Harder Compositions, they are unauthorized derivative works of the original recordings containing RIDENHOUR's original vocal/rap performances, financed and produced by RIDENHOUR. REACH MUSIC has no legal right to exploit the New Masters. REACH MUSIC also continues to use the Public Enemy trademark and brand.

41. On information and belief, REACH MUSIC has received many hundreds of thousands of dollars from the exploitation of the New Masters and REACH MUSIC has wrongfully converted all such monies to its own account.

THE RE-RECORDS

42. CLOSTER, REACH MUSIC and REACH GLOBAL have hired numerous individual producers and entities to create so called “re-records” of Public Enemy sound recordings (the “Re-Records”) produced and financed by RIDENHOUR.

43. The Re-Records are no more than re-edits or re-mixes of existing recordings and are not entitled to separate copyright protection. On information and belief, REACH MUSIC and CLOSTER, with full knowledge that the Re-Records were and are not entitled to copyright protection and were made without permission or authorization, have exploited the Re-Rrecords for their own commercial gain.

44. To RIDENHOUR's knowledge and by CLOSTER's own admission, no written agreements exist that properly or legally permit CLOSTER or REACH

1 MUSIC to exploit the Re-Records.

2 45. On information and belief, CLOSTER and REACH MUSIC have
3 generated many hundreds of thousands of dollars from exploitation of the Re-Records
4 and wrongfully converted most, if not all, of such illegal proceeds to their own
5 account.

6 *THE BMG TRANSACTION*

7 46. In February 2019, RIDENHOUR discovered that as of October 26, 2015,
8 REACH MUSIC had appointed BMG Rights Management (US), LLC (“BMG”)
9 administrator of all compositions owned or controlled by REACH MUSIC, including
10 388 compositions identified by a filing with the United States Copyright Office in
11 March of 2016.

12 47. Fifty-Two of the 388 listed compositions identify RIDENHOUR as a
13 writer or co-writer.

14 48. Neither RIDENHOUR nor his advisors had ever been informed of the
15 appointment of BMG and has never received any accountings that identified BMG or
16 any payments that purported to be money generated by BMG’s administration.

17 49. The deal with BMG is and was another way for CLOSTER and REACH
18 MUSIC to hide RIDENHOUR related transactions and generate money without
19 accounting to RIDENHOUR for any of it.

20 FIRST CAUSE OF ACTION FOR CONVERSION
(Against All Defendants)

21 50. RIDENHOUR and BTNM repeat and incorporate by reference as though
22 fully set forth the allegations contained in Paragraphs 1 through 49 above.

23 51. By the transactions set forth above, CLOSTER, REACH MUSIC,
24 REACH GLOBAL and TERRORDOME have wrongfully converted substantial
25 ownership in many valuable copyrights owned by Plaintiffs and have wrongfully
26 converted hundreds of thousands of dollars in royalties received from exploitation of
27 the Ridenhour Catalog, the RDJC, the New Masters and the Re-Records.
28

1 52. As a direct and proximate result of Defendants' wrongful actions,
2 Plaintiffs have been damaged in an amount in excess of One Million Dollars
3 (\$1,000,000).

4 53. Defendants' wrongful actions have been done with malice and the intent
5 to harm Plaintiffs. Plaintiffs are entitled to an award of exemplary damages sufficient
6 to deter such wrongful conduct in the future.

7 SECOND CAUSE OF ACTION FOR FRAUD
8 (Against Defendants CLOSTER, REACH MUSIC and REACH GLOBAL)

9 54. Plaintiffs repeat and incorporate by reference the allegations contained in
10 Paragraphs 1 through 49 and 51 through 53 above, as though fully set forth.

11 55. Plaintiffs reasonably relied to their detriment on the false representations
12 by CLOSTER, REACH MUSIC and REACH GLOBAL. Had Plaintiffs known the
13 falsity of the representations, Plaintiffs would not have allowed Defendants to
14 dominate and control exploitation of Plaintiffs' copyrights and the operations of
15 BTNM to the damage of Plaintiffs.

16 56. By concealing the material facts pertaining to Defendants' exploitation
17 of the New Masters and the Re-Records and the ownership by TERRORDOME of
18 Ridenhour's Catalog, Defendants wrongfully profited to Plaintiff's detriment in the
19 amount of many hundreds of thousands of dollars.

20 57. Plaintiffs are entitled to an award of exemplary damages in an amount
21 sufficient to deter such fraudulent conduct in the future.

22 THIRD CAUSE OF ACTION FOR AN ACCOUNTING
23 (Against all Defendants)

24 58. Plaintiffs repeat and incorporate by reference as though fully set
25 forth the allegations contained in Paragraphs 1 through 49, 51 through 53 and 55
26 through 57, above.

27 59. Defendants are in sole control of the records needed to ascertain the
28 amounts due Plaintiffs pursuant to the agreements and understandings alleged in this

1 complaint. Plaintiff has no means whatsoever by which he could assemble the
2 information necessary to calculate what is owed him by Defendants.

3 60. Plaintiffs are entitled to an order of this court directing Defendants
4 to render a complete and honest accounting of all sums due Plaintiffs and to pay
5 Plaintiffs the sums shown due by such accounting.

6 WHEREFORE, Plaintiffs pray as follows:

- 7 1. For damages on the First and Second Causes of Action in an
8 amount according to proof in excess of One Million Dollars;
- 9 2. For an Order restoring to Plaintiffs full ownership of their musical
10 composition copyright catalogs;
- 11 3. For an Order that Defendants account to Plaintiffs and pay all
12 sums due pursuant to such accounting;
- 13 4. For exemplary damages sufficient to deter such wrongful conduct
14 in the future;
- 15 5. For costs of suit herein, including attorneys' fees if allowed; and
- 16 6. For such other or further relief as the Court deems just and proper.

17 Dated: July 29, 2019

18 LAW OFFICES OF ROBERT S. BESSER

19
20 By: s/ Robert S. Besser

21 ROBERT S. BESSER
22 Attorneys for CARLTON RIDENHOUR
23 pka CHUCK D and BRING THE NOIZE MUSIC, INC.
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